

News Release

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FOR IMMEDIATE RELEASE

Attorney General Goddard announces \$3.75 million settlement with Qwest

(Phoenix – July 7, 2003) Attorney General Terry Goddard announced the settlement of the Consumer Fraud lawsuit filed by the Arizona Attorney General's Office against Qwest Corporation and Qwest Wireless LLC. Among other concessions, the settlement requires the company to pay to the State \$3.75 million for attorneys' fees, costs of investigation and litigation, and for a program of on-going consumer education and services. This amount is in addition to the restitution Qwest has already paid to injured consumers and additional funds that Qwest will pay to resolve outstanding consumer complaints.

"Arizona Consumers are the big winners in this settlement. Our investigation over the past 2 years uncovered significant wrongdoing. We invested thousands of hours of staff time into the case," said Goddard. "Qwest's concessions will improve fundamental business practices and make it much more consumer friendly."

In the settlement Qwest Corporation and Qwest Wireless LLC admitted no wrongdoing, but agreed to a Court Order that:

- Prohibits Qwest from cramming (billing a consumer for products and services he or she did not order or authorize)
- Requires Qwest to provide written confirmations
- Requires Qwest to provide critical written materials in Spanish`
- Requires Qwest to clearly disclose the complete terms of a wireless agreement in each telephone sale and requires Qwest to send consumers a copy of these terms within seven business days of the sale
- Prohibits Qwest from offering consumers a cap on wireless minutes. Qwest must ensure that this prohibition is fully in place within 150 days
- Prohibits Qwest from sending activated wireless phones to consumers
- Requires Qwest, within the next 90 days, to send a notice by mail, available to consumers in Spanish, to each consumer who subscribes to a Line Feature Package, such as Custom Choice, to inform consumers that they can purchase the individual features of the package on a stand-alone basis

(more)

Continuation of Qwest 2-2-2

- Prohibits Qwest from misrepresenting the availability of DSL service and from misrepresenting the download/upload speed available to a DSL consumer; and requires Qwest sales representatives to preliminarily determine during a telephone solicitation that DSL services is available to a consumer's telephone line.
- Requires Qwest to inform consumers who call for repair that there is a Trouble Isolation Charge (TIC), to provide an explanation of the TIC and its cost, and to inform consumers that the technician does not need to enter a residence before a TIC can be charged
- Requires Qwest, before completing the sale of a second or additional line, to inform consumers that if they need installation of jacks or wiring, that additional charges will apply
- Requires Qwest, to the extent reasonable practicable, to answer a consumer's questions in a direct and unambiguous manner and to make a good faith effort to resolve any product, service or billing complaint before attempting to sell the consumer additional services
- Prohibits Qwest from engaging in inappropriate and excessive transferring of consumer calls.
- Requires Qwest to provide the consumer, within two business days of a consumer's request, an opportunity to discuss the complaint or dispute with a manager who possesses the authority to offer a resolution of the consumer's complaint or billing dispute
- Requires Qwest to implement a sales monitoring and an auditing program specific to Arizona
- Prohibits Qwest from engaging in deceptive advertising or misleading representations of Qwest's products and services

Qwest has already made refunds and provided credit to approximately 2,140 Arizona consumers who had filed and is determining the amount of restitution for an additional 600 consumers. In addition, Qwest is required to provide restitution either by refund or credit to consumers who file written complaints with the Attorney General within the next 90 days.

Residential complaints must be received by the Attorney General's Office no later than October 5, 2003. Complaints should be sent to The Office of the Attorney General, Consumer Information Complaint at 1275 W Washington St. Phoenix, AZ 85007. A complaint form will be available online at www.ag.state.az.us. Complaints must be about Qwest's conduct between **May 2001 and July 7, 2003** and must involve at least one of the following seven:

- Placed unauthorized charges on consumers' bills (cramming)
- Misrepresented service which resulted in unauthorized charges on consumers' bills
- Failed to disclose charges associated with repair
- Failed to disclose charges associated with wireless services
- Failed to disclose charges associated with installation
- Failed to disclose that Qwest could not provide services for which it contracted
- Failed to disclose material limitations to its services